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Sent: Sunday, November 29, 2009 8:59 PM
To: Farak, Sonja (DPH)
Subject: GIC Benefit Changes Effective February 1, 2010

Important GIC Benefit Changes Effective February 1, 2010

To help meet the GIC's projected FY10 deficit of \$35 million, the Commission voted on Friday, November 20, to implement benefit changes effective February 1, 2010. It is very rare that benefit changes are needed mid year, but, given the state's bleak revenue forecast, there is no expectation that a supplemental budget will be submitted by the administration to the legislature.

Health care expenses continue to skyrocket due to increased utilization coupled with increasing prices charged by providers – doctors, hospitals, imaging centers and the prescription drug industry. For every \$1.00 of GIC premium, \$0.90 is spent on provider costs. In other words, the provider payments are where almost all the dollars are going.

Information about the benefit changes, including additional details about the deductible and premium rates, will be posted on the GIC's website during the first week of December. Additionally, all employees and Non-Medicare retirees will receive a letter at home outlining the changes. On the upside, premiums for state employees and Non-Medicare retirees will go down from approximately \$6 to \$17 per month, depending on your health plan and whether you have individual or family coverage and when you were hired (on or before June 30, 2003). Details on the new premium rates will also be on the GIC's website: www.mass.gov/gic.

Benefit Changes Effective February 1, 2010:

- Primary Care Physician Office Visit Copay: \$5 increase across all tiers
- Specialist Office Visit Copay: \$5 increase across all tiers
- Retail Clinic Copay: \$5 increase
- Physical Therapy, Chiropractic and Occupational Therapy Copay: \$5 increase
- Outpatient Surgery Copay: \$10 increase
- Hi-tech imaging Copay: \$25 increase
- Emergency Room Copay: \$25 increase
- Mental Health/Substance Abuse Outpatient Visit Copay: \$5 increase
- New deductible for all plans: \$250 individual coverage/\$750 family coverage; deductible will not be applied to office visits, mental health/substance abuse benefits and prescription drug benefits. Ancillary tests and procedures performed at an office visit are subject to the deductible.

In order to help offset these increases, the GIC strongly recommends that state employees consider enrolling in the 2010 Health Care Spending Account (HCSA) program no later than the extended open enrollment deadline of December 4. This program helps employees save taxes for out-of-pocket medical expenses, which include copays and deductibles. If you've already re-enrolled, you may increase your election by logging into your account. Those enrolling for the first time should complete and return to their payroll coordinator a HCSA enrollment form. Details about this program are available through your Payroll Coordinator and on the GIC's website.

The GIC certainly regrets having to make these benefit changes and all GIC staff will be paying the same higher copays and deductibles as their fellow employees. All GIC health plans will have the same increases and it is not known at this time whether these changes will carry into FY11. Additional details about health plan benefits for FY11 will be included in your GIC Benefit Decision Guide, which is delivered before annual enrollment, April 12-May 10, 2010. Annual enrollment gives you the opportunity to change health plans if you desire.

Please see the GIC's website www.mass.gov/gic for additional details about the benefit changes, premium changes, and the Health Care Spending Account: mass.gov/gic. Your health plan will also send you a letter with updates to your plan handbook.